

IC 23-16-6

Chapter 6. Finance

IC 23-16-6-1

Form of contribution

Sec. 1. The contribution of a partner may be:

- (1) in cash, property, or services rendered; or
- (2) a promissory note or other obligation to contribute cash or property or to perform services.

As added by P.L.147-1988, SEC.1.

IC 23-16-6-2

Liability for contribution

Sec. 2. (a) A promise by a limited partner to contribute to the limited partnership is not enforceable unless set out in a writing signed by the limited partner.

(b) Except as provided in the partnership agreement, a partner is obligated to the limited partnership to perform any enforceable promise to contribute cash or property or to perform services, even if the partner is unable to perform because of death, disability, or any other reason. If a partner does not make a required contribution of property or services, the partner is obligated at the option of the limited partnership to contribute cash equal to that portion of the agreed value (as stated in the partnership records of the limited partnership) of the contribution that has not been made. The option provided under this subsection is in addition to, and is not in lieu of, any other rights, including the right to specific performance, that the limited partnership may have against such a partner under the partnership agreement or applicable law.

(c) Unless otherwise provided in the partnership agreement, the obligation of a partner to make a contribution or to return money or other property paid or distributed in violation of this article may be compromised only by written consent of all the partners. Notwithstanding any such compromise, a creditor of a limited partnership who extends credit or otherwise acts in reliance on that obligation after the partner signs a writing (including the partnership agreement and any amendment to the partnership agreement) that reflects the obligation and before the amendment or cancellation of the partnership agreement to reflect the compromise, may enforce the original obligation to the extent that, in extending credit, the creditor reasonably relied on the obligation of a partner to make a contribution.

(d) A partnership agreement may provide that the interest of any partner who fails to make any contribution that the partner is obligated to make is subject to specified penalties for, or specified consequences of, the failure. Penalties or consequences provided for in the partnership agreement may include the following:

- (1) Reducing the defaulting partner's proportionate interest in the limited partnership.
- (2) Subordinating the defaulting partner's partnership interest to

that of nondefaulting partners.

(3) A forced sale of the partner's partnership interest.

(4) Forfeiture of the partner's partnership interest.

(5) The lending by other partners of the amount necessary to meet the defaulting partner's commitment.

(6) A fixing of the value of the defaulting partner's partnership interest by appraisal or by formula and the redemption or sale of the defaulting partner's partnership interest at the fixed value.

(7) Any other penalty or consequence.

As added by P.L.147-1988, SEC.1.

IC 23-16-6-3

Sharing of profits and losses

Sec. 3. The profits and losses of a limited partnership shall be allocated among the partners, and among classes or groups of partners, in the manner provided in the partnership agreement. If the partnership agreement does not so provide, profits and losses shall be allocated on the basis of the agreed value (as stated in the records of the limited partnership) of the contributions made by each partner to the extent they have been received by the partnership and have not been returned.

As added by P.L.147-1988, SEC.1.

IC 23-16-6-4

Sharing of distributions

Sec. 4. Distributions of cash or other assets of a limited partnership shall be allocated among the partners, and among classes and groups of partners, in the manner provided in the partnership agreement. If the partnership agreement does not so provide, distributions shall be made on the basis of the agreed value (as stated in the records of the limited partnership) of the contributions made by each partner to the extent they have been received by the limited partnership and have not been returned.

As added by P.L.147-1988, SEC.1.